

EX PARTE OR LATE FILED



Frank S. Simone
Government Affairs Director

Suite 1000
1120 20th Street, N.W.
Washington, DC 20036
202 457-2321
FAX 202 457-2165
fsimone@lgamgw.attmail.com

December 11, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TWB-204
Washington, D.C. 20554

RECEIVED

DEC 11 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex part meeting, CC Docket No. 98-56, Performance Measurements and Reporting Requirements for Operations Support Systems, Interconnection, and Operator Services and Directory Assistance

Dear Ms. Roman Salas:

On Thursday, December 10, 1998, Kathy Daly, Collin Mallows, and I, of AT&T, Amy Zirkle and Karen Kennard of MCI Worldcom, and Douglas Nelson of Qwest, all representatives of the Local Competition Users Group, met with Jake Jennings, Daniel Shiman, Florence Setzer, and Alex Belefonte of the Common Carrier Bureau staff. The purpose of this meeting was to discuss the statistical analysis proposal placed on the record in this proceeding by the local competition users group.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules.

Sincerely,

Attachments

cc: Jake Jennings
Daniel Shiman
Florence Setzer
Alex Belefonte

No. of Copies rec'd 2
List ABCDE

RECEIVED

DEC 11 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Status of State Statistical Discussions

US West, BellAtlantic, GTE, Nevada Bell, and Pacific Bell have all agreed to use the LCUG modified version of the z-statistic in the states in which they operate. BellSouth, SouthWestern Bell, and Ameritech have argued against the use of the LCUG modified z-statistic, in favor of their own proposals, and discussions are continuing in these states. Although most CLECs are supportive of the LCUG members' proposal for overall compliance assessment, no ILECs have agreed with this, and only a few states have addressed overall compliance assessment. National guidance from the FCC would be extremely useful in establishing a consistent methodology across the country and speeding the adoption of a much-needed methodology.

- CA R.97-10-016 and R.97-10-017: Joint Comments filed 10/5/98 by Pacific Bell, AT&T, MCI WorldCom, Sprint Communications, Electric Lightwave, Inc., ICG Telecom Group, Inc, Covad Communications, MediaOne Telecommunications of California, Inc., Cox California Telecom, L.L.C., Northpoint Communications and the California Cable Television Association. Pacific, GTE, and the CLECs (except for Cox) agree to use LCUG's modified version of the z-statistic, with tabulated critical values based on the t-distribution, to assess parity. Cox proposes a direct comparison of performance, without statistical assessment. Workshops are continuing, and the focus of workshop discussion has now shifted toward overall assessment of compliance and consequences of non-compliance.
- CO Docket 97R-153T: USWest agreed on 11/20/98 that the LCUG modified z-statistic would be an acceptable statistical methodology. USWest has also agreed that the permutation analysis procedure is desirable, particularly for small sample sizes, for determining the underlying distribution of the populations.
- LA Docket U-22252, Subdocket C: The LA Commission ordered BellSouth to compare results using the LCUG modified z-statistic, the pooled variance z-statistic proposed in the NPRM, and their own proposed methodology. BellSouth has submitted an "Interim Statistical Analysis" paper, which introduces a new proposal. This proposal was discussed at great length during the LA Staff's statistical workshop session 11/30/98 and 12/1/98, and all the participating statisticians left the workshop with action items. Additional discussion will take place between the CLEC statisticians and BellSouth's consultants, and the LA Staff is attempting to gain agreement from all LA CLECs to distribute available "real data" to CLEC statisticians for analysis.

- MA** 96-73/74, 96-75, 96-80, 96-94-Phase 3-E: In consolidated arbitrations 12/4/96, the Department of Telecommunications and Energy ordered that Bell Atlantic should use actual data to determine whether parity has been achieved, without reference to statistical estimation or analysis. In a 9/25/98 order, the Department reaffirmed their prior arbitration decision.
- MI** Case U-11830: In the Commission's docket regarding Ameritech's performance measurements, Ameritech proposed the standard z-statistic formula. The CLECs have supported the LCUG modified version of the z-statistic. Parties have also proposed different critical values and minimum sample sizes, as well as different proposals for determining overall compliance. A draft order is expected before the end of 1998.
- NV** 97-9022: Discussion very similar to CA.
- NY** 97-C-0139: A subgroup of the Carrier-to-Carrier participants has been discussing statistical issues since 6/98. Consensus has been reached to use the LCUG modified z-statistic, but discussions are continuing to address the issues of small sample size and critical value of the test.
- TX** Project 16251: TX staff issued its "Final Staff Report on Collaborative Process" on 11/20/98. Staff has recommended the use of the same modified z-statistic formulae that LCUG proposes. Staff has also proposed a structure for determining when liquidated damages apply, as well as a structure for determining when penalties apply. The Commission is expected to make final decisions at its meeting on 12/14/98.

Assessing Performance Using Statistics

The Local Competition Users Group
December 10, 1998

Performance Results Should Be Assessed Using Quantitative Methodology

- Statistical tools provide the means for making fact based decisions with quantified levels of acceptable risk of an incorrect decision
- There is general agreement that statistical testing for difference is appropriate and specific agreement that the LCUG modified z-statistic is effective
 - Pacific Bell and Nevada Bell
 - GTE
 - BA-NY
 - US West

Summary of LCUG Members' Positions

- The end results of complex systems are being monitored. Therefore quantitative procedures are necessary
 - Statistical tools exist to support comparison of results
 - Both the average result and variability of result are important
 - The probability of erroneous conclusions must be balanced between the ILEC and CLEC
 - Most technical issues of comparison are resolvable
 - sample size
 - assumptions

Benefits of Using A Statistical Approach

- Allow for chance variation
 - All the ILEC-CLEC processes that will be measured contain some degree of randomness.
 - Statistical methods provide the ability to detect significant differences in performance, while ignoring differences that are likely to have occurred just by chance.
- Establish a formal rule of procedure
 - Using statistics, we can establish a formal rule of procedure, where we begin with raw data, and arrive at a decision, either “conformity” or “violation”.
 - Takes subjectiveness out of the decision-making process.

Mean and Variance

- Procedure should have optimal power for detecting the types of departures from parity that prevent CLECs from competing on equal terms
 - Differences in mean performance
 - More extreme variability in individual results
- The “LCUG modified z-statistic” is sensitive to differences in mean and difference in variation, and has optimal power to detect those situations about which we have the greatest concern.

Type I and Type II Error

- Two types of mistaken conclusions are possible.
 - “Type I error” is essentially a false positive, where the ILEC is falsely accused of non-parity, when in fact it is providing service at parity. This type of wrong conclusion disadvantages the ILEC.
 - “Type II error” is a false negative, where the ILEC is falsely determined to have provided parity, when in fact their performance is not in parity. This type of wrong conclusion disadvantages the CLEC.
- The probability of erroneous conclusions must be balanced between the ILEC and CLEC.

Technical Issues

- Most technical issues of comparison are resolvable.
 - Small sample sizes can be handled using a permutation analysis procedure, also known as “Fisher’s Exact Test”.
 - Concerns about distribution shapes can likely be handled by appropriate levels of disaggregation.